GOVERNMENT OF INDIA
FINANCE
LOK SABHA

UNSTARRED QUESTION NO:4445
ANSWERED ON:12.08.2016
Bank Loan to Rice Trading Firms
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Will the Minister of FINANCE be pleased to state:

(a) whether the Government is aware that loans in crores have been provided by the consortium of 21 banks to several Basmati Rice Trading firms and if so, the details thereof;

(b) whether the Government is also aware that some of these firms were involved in fraudulent activities during the last three years and if so, the details thereof;

(c) whether any enquiry had been conducted by the Government to look into such fraudulent activities by these firms, if so, the details and the outcome thereof; and

(d) the corrective steps taken by the Government in this regard?

Answer

The Minister of State in the Ministry of Finance

(a): Reserve Bank of India (RBI) has informed that 21 banks had extended loans to M/s REI Agro Ltd. (a Basmati Rice Trading Firm) of amount Rs. 5,262 crore. Out of 21 banks, 20 banks reported the account as fraud and one bank had sold the account to Asset Reconstruction Company .

(b) to (d): The REI Agro Ltd. was found involved in fraudulent activities. The aggrieved banks have lodged complaint with Central Board of Investigation (CBI). RBI vide its Master Directions on Frauds has put in place a new framework for loan frauds directing early detection and necessary corrective action by introducing Early Warning Signals (EWS) and Red Flagged Accounts (RFA) for loan of Rs. 500 million or more, incentive for prompt reporting, staff accountability exercise within six months, establish a nodal officer for filing all complaints and penal measures for fraudulent borrowers.
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